

MEDIA RELEASE

Landmark pilot signals a connected, transparent and secure future for carbon markets

Key carbon market players take market “to the next level” by removing friction in the transaction process and enhancing risk mitigation to expand global access

Singapore and London, 20 December 2022 – Carbon credit transaction network Carbonplace and [Climate Impact X](#) (CIX), a global marketplace and exchange for quality environmental credits, have today announced a successful series of proof-of-concept transactions that will dramatically increase the speed, security and accessibility of carbon market trading.

This landmark pilot, carried out on CIX’s Project Marketplace, paves the way for the enhanced connectivity between buyers and sellers required to support carbon market liquidity and scale. With demand for carbon credits expected to increase exponentially, the ability to settle quickly and with confidence is key to supporting the growth of the market.

The due diligence involved with procuring quality carbon credits including know-your-customer (KYC) and anti-money laundering (AML) processes is often technical and requires businesses to invest significant resources. This due diligence is crucial to transparency and certainty in the market, but the processes can prevent access for carbon market participants, notably sellers in developing economies, and restrict the liquidity necessary for efficient and scalable trading. This pilot has demonstrated that it is possible to simplify the transaction process, shorten the settlement cycle and allow parties to transact with confidence by drawing on the robust in-built compliance processes of Carbonplace members and the CIX marketplace.

Carbonplace, which settled the transactions and established the technical, legal and operational framework for execution, leverages the compliance capabilities of the financial institutions behind the platform to remove frictions in counterparty due diligence and onboarding. The blockchain-enabled fintech, which is due to launch in early 2023 and has been likened to the SWIFT system of carbon markets, is being developed by nine of the world’s largest banks accounting for nearly \$9 trillion in total assets, NAB, NatWest, Standard Chartered, BNP Paribas, CIBC, Itaú Unibanco, UBS, BBVA and SMBC.

The CIX Project Marketplace is a digital trading venue that connects carbon market buyers and sellers. It curates and organises projects in a way that makes quality credits easily accessible, allowing developers and suppliers to reach a wider pool of corporate buyers and institutional investors. As part of the integration, customers of the participating banks will gain seamless access to CIX’s marketplace; while CIX-onboarded buyers and suppliers will be able to access a broader selection of carbon projects and audience, respectively, through Carbonplace’s distribution network.

The technology integration tested three types of transaction most likely to occur on the platform among buyers and sellers of Carbonplace and CIX. Counterparties in the pilot transactions are customers of Carbonplace and CIX, as well as Carbonplace’s founder banks. These included project suppliers Carbon Growth Partners and Sustainable Carbon, as well as Pavilion Energy, NatWest and Itaú Unibanco on the buyer side.

“At Carbon Growth Partners, one of our core mandates is to facilitate confidence and liquidity in carbon markets to mobilise climate finance to support impactful projects. The Carbonplace and CIX partnership allows us to tap into a wide pool of buyers looking to purchase high integrity carbon credits, by enabling seamless connectivity between customers of the nine founding banks and the CIX Project Marketplace where our projects have been carefully curated and listed,” said **Rich Gilmore, Chief Executive Officer, Carbon Growth Partners.**

Bill Gilbert, Head of Carbon Markets at NatWest, “Resilient, flexible and modern infrastructure that ensures trust, access and transparency is essential for carbon markets to grow and function effectively. This drastic improvement in funds settlement and counterparty risk assessment in a blockchain environment will be pivotal in taking the carbon market to the next level and unlocking its true potential for delivering climate action at scale.”

“In line with Pavilion Energy’s ambition to support the transition to a low carbon future, we are always on the lookout for high-quality carbon credits that meet corporate, regulatory and industry compliance requirements. The integration between Carbonplace and CIX opens doors to a wider and curated range of counterparties, as well as supply of projects from around the world, providing more options for us to contribute meaningfully in the voluntary carbon market,” said **Mr. Ong Seng Leong, Head of Energy Financial Solutions and Environmental Solutions from Pavilion Energy.**

Carbonplace’s distributed ledger technology, due to its traceability and publicly accessible records, also addresses the historic issues around transparency and fraud in carbon trading, particularly regarding the sourcing and pricing of carbon credits. Through Carbonplace, marketplace buyers and sellers can share information in real time across to ensure instant, secure and traceable settlement of carbon credit transactions – including retirement of credits within minutes.

Mikkel Larsen, Chief Executive Officer, Climate Impact X, said, “Enhanced transparency, connectivity and cross-border trading are essential to effectively scale carbon markets. We believe that the combined proposition of CIX and Carbonplace offers something that is truly unique in the market. Together, we bring an unparalleled and reliable platform to businesses and financial institutions that offer seamless access to quality carbon credits, with an easy settlement system that reduces complexity and drives transparency.”

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About Carbonplace

[Carbonplace](#) is a global carbon credit transaction network being developed by nine of the world’s foremost financial institutions: BNP Paribas, CIBC, Itaú Unibanco, National Australia Bank, NatWest Group, BBVA, SMBC, Standard Chartered, and UBS. It will enable the simple, transparent, and secure transfer of certified carbon credits. Carbonplace is due to launch in early 2023 and is expected to become a vital piece of carbon market infrastructure, instilling the confidence needed for the carbon markets to scale.

About Climate Impact X

Jointly established by DBS Bank, Singapore Exchange (SGX Group), Standard Chartered and Temasek, [Climate Impact X](#) (CIX) is a global marketplace and exchange for quality environmental credits based in Singapore. CIX is helping to scale the next wave of impactful carbon sequestration solutions through a suite of trading venues underpinned by trust. The CIX Project Marketplace offers quality credits that can meet corporate sustainability objectives. CIX Auctions is a specialised digital venue for discovering prices of unique credit types, newly issued credits and customised portfolios of projects through the efficient aggregation of market supply and demand. CIX Spot Exchange will enable

two-way trading of quality credits and standardised contracts, concentrating liquidity and providing the market with clearer price transparency and risk management solutions. Follow CIX on [LinkedIn](#).

About NatWest Markets

[NatWest Markets](#) helps corporate and institutional customers manage their financial risks and achieve their short- and long-term financial goals while navigating changing markets and regulation. Our products and solutions are centered around three pillars: Rates, Currencies and Financing. We have developed digital self-service applications covering FX, rates, risk management, international payments and many more services. Our strategists and content experts across Currencies, Risk and Financing offer fresh thinking alongside market-leading economic insights in the key economies where our customers do business. We operate from trading hubs in London, Amsterdam, Singapore and Stamford with offices across key locations in the UK, EU, US and Asia.

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Notes to editors:

The voluntary carbon market has a critical role in supporting the transition of corporations to net zero greenhouse gas emissions, as part of their climate action strategies. Carbon credits are bought by corporations looking to compensate for emissions that they cannot reduce or remove. The credits fund high-quality projects that couldn't have been funded otherwise, and which either avoid greenhouse gas emissions being released into the atmosphere or remove carbon dioxide from it.